

**Support for Military and Veterans Exemptions
Summary of Recommendations - House**

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Colin Brock, LBB Analyst

Method of Financing	2018-19 Base	2020-21 Recommended	Biennial Change (\$)	Biennial Change (%)
General Revenue Funds	\$30,000,000	\$30,000,000	\$0	0.0%
GR Dedicated Funds	\$0	\$0	\$0	0.0%
<i>Total GR-Related Funds</i>	<i>\$30,000,000</i>	<i>\$30,000,000</i>	<i>\$0</i>	<i>0.0%</i>
Federal Funds	\$0	\$0	\$0	0.0%
Other	\$17,383,662	\$17,837,074	\$453,412	2.6%
All Funds	\$47,383,662	\$47,837,074	\$453,412	1.0%

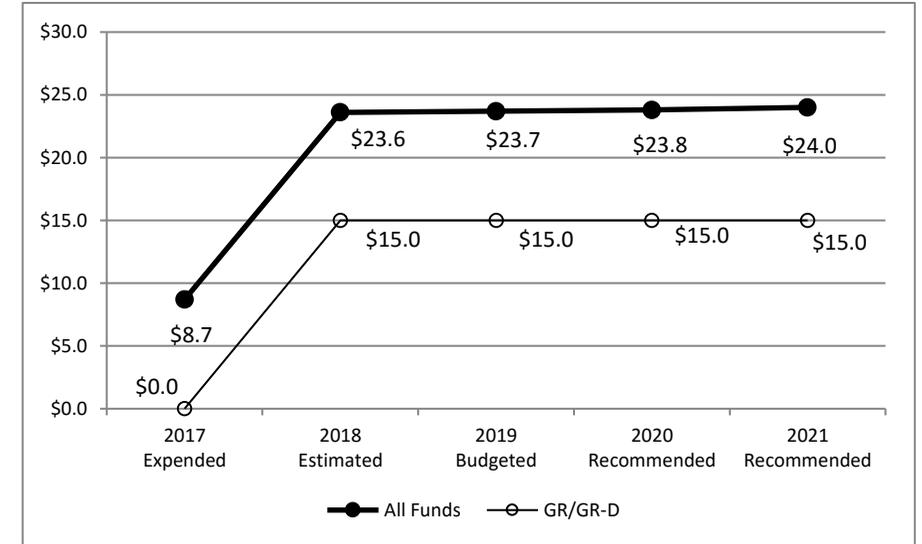
	FY 2019 Budgeted	FY 2021 Recommended	Biennial Change	Percent Change
FTEs	N/A	N/A	0.0	0.0%

Agency Budget and Policy Issues and/or Highlights

The Permanent Fund for Military Veterans Exemptions (MVE) is authorized in the Texas Education Code, Section 54.341 1. The MVE was established to assist public institutions of higher education to offset the waived tuition and fee revenue from the Hazlewood Legacy Program (HLP). In accordance with HLP, qualifying veterans may assign unused hours of their state tuition exemption to a dependent that meets eligibility requirements.

The bill pattern for this agency (2020-21 Recommended) represents an estimated 100% of the agency's estimated total available funds for the 2020-21 biennium.

Historical Funding Levels (Millions)



**Support for Military and Veterans Exemptions
Summary of Funding Changes and Recommendations - House**

Funding Changes and Recommendations for the 2020-21 Biennium compared to the 2018-19 Base Spending Level (in millions)		General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
<i>SIGNIFICANT Funding Changes and Recommendations (each issue is explained in Section 3 and additional details are provided in Appendix A):</i>							
A)	Increase in estimated appropriations based on anticipated growth of the Permanent Fund Supporting Military and Veterans Exemptions for the 2020-21 biennium	\$0.0	\$0.0	\$0.0	\$0.5	\$0.5	A.1.1.
TOTAL SIGNIFICANT & OTHER Funding Changes and Recommendations (in millions)		\$0.0	\$0.0	\$0.0	\$0.5	\$0.5	As Listed
<i>SIGNIFICANT & OTHER Funding Increases</i>		\$0.0	\$0.0	\$0.0	\$0.5	\$0.5	As Listed
<i>SIGNIFICANT & OTHER Funding Decreases</i>		\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	As Listed

NOTE: Totals may not sum due to rounding.

**Permanent Fund Supporting Military and Veterans Exemptions
Selected Fiscal and Policy Issues – House**

1. **Basis for the Estimated Appropriations from MVE.** Pursuant to Texas Education Code, Section 54.3411 requirements, the Texas Treasury Safekeeping Trust Company (TTSTC) administers the MVE and determines the amount available for distribution and appropriation from the fund. TTSTC determines the MVE appropriation amount in accordance with policy that is adopted by the Texas Comptroller of Public Accounts. For fiscal year 2018, TTSTC determined the MVE appropriation amount based on 3.5 percent of the 20-quarter moving average value of the MVE. The total value of the MVE on August 31, 2018 was \$266.7 million (see page 5 for historical values).
2. **Distribution of MVE Appropriations.** The distribution requirements for MVE appropriations are set forth in the Texas Education Code, Section 54.3411(e), which indicates MVE funds may be appropriated only to offset the cost to institutions for the Hazlewood Legacy Program (HLP) exemptions. The amount appropriated to eligible institutions must be in proportion to each institution’s respective share of the aggregate cost to all institutions for the HLP exemptions, as determined by the Legislative Budget Board using HLP data provided by the Texas Veterans Commission.
3. **Total Appropriations for the Hazlewood Legacy Program (HLP)** For the 2018-19 biennium, \$15.0 million in General Revenue Funds per fiscal year previously appropriated to the Texas Veterans Commission was appropriated for the HLP, and must be distributed in the same fashion as the MVE. Total appropriations, MVE and GR combined, to eligible institutions for HLP for fiscal years 2017-2021 are as follows:

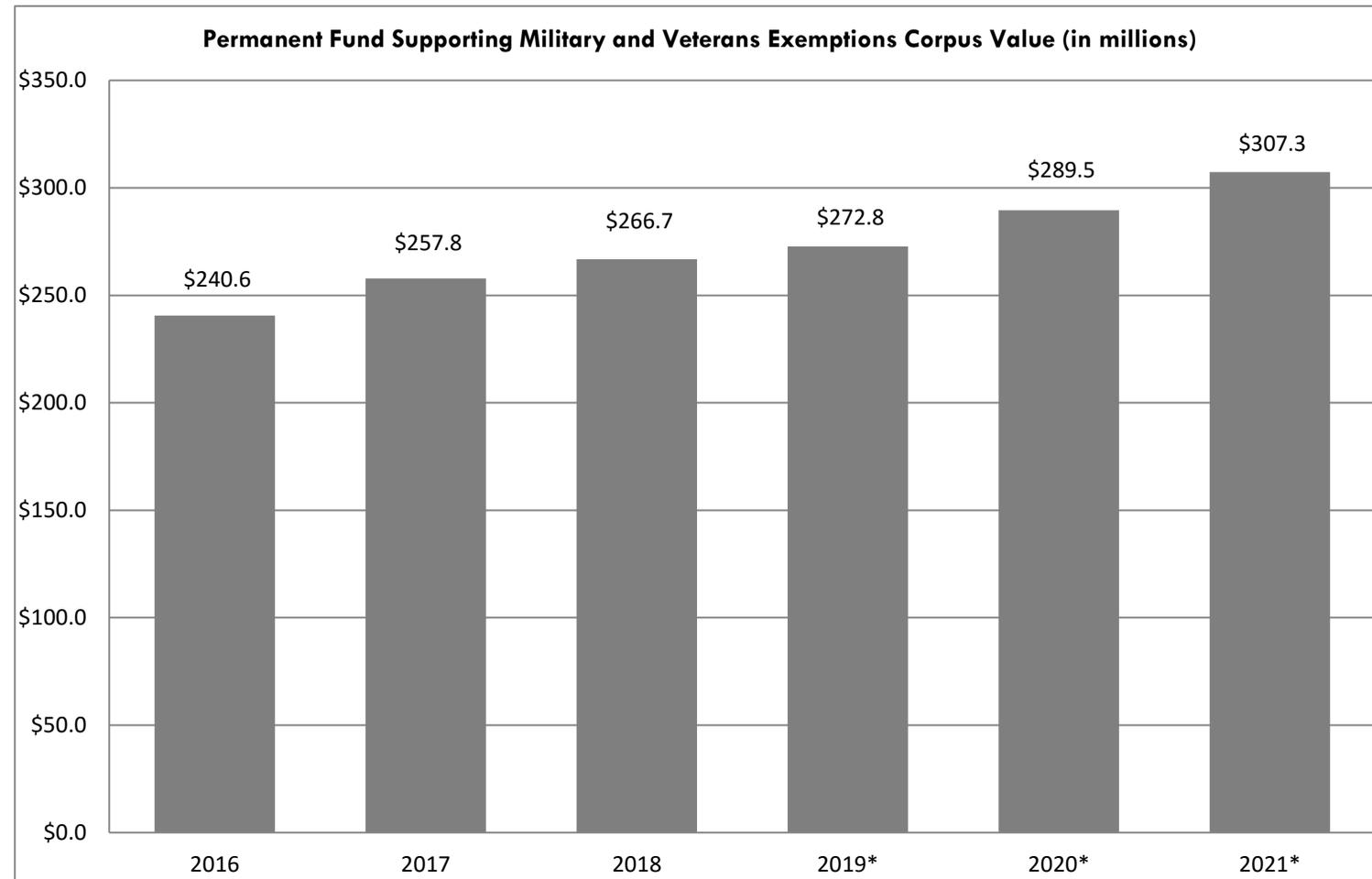
Fiscal Year	HLP Appropriations from MVE	HLP Appropriations from GR	Total HLP Appropriations (MVE + GR)	Total HLP Credit Hours Exempted	Total HLP Dollars Waived
2017	\$ 8,660,437	\$ 15,000,000	\$ 23,660,437	505,179	\$ 142,781,907
2018	\$ 8,645,813	\$ 15,000,000	\$ 23,645,813	549,419	\$ 159,104,376
2019	\$ 8,737,849	\$ 15,000,000	\$ 23,737,849	567,553	\$170,245,011
2020	\$ 8,832,436	\$ 15,000,000	\$ 23,832,436	**	**
2021	\$ 9,004,638	\$ 15,000,000	\$ 24,004,638	**	**

Notes: FY2017 funding distribution based on FY2016 data; FY2018 funding distribution based on FY2017 data; FY2019 funding distribution based on FY2018 data; FY2019-20 data is not yet available for FY2020-21 distributions.

Permanent Fund Supporting Military and Veterans Exemptions
Performance of the Permanent Fund Supporting Military and Veterans Exemptions Fund (FY2016-21)

Fiscal Year	Corpus Value (in millions)	% Change Corpus Value
2016	\$ 240.6	0.0%
2017	\$ 257.8	7.1%
2018	\$ 266.7	3.5%
2019*	\$ 272.8	2.3%
2020*	\$ 289.5	6.1%
2021*	\$ 307.3	6.1%

Note: *FY2019-21 data is estimated.
 Source: Texas Treasury Safekeeping Trust Company



**Permanent Fund Supporting Military and Veterans Exemptions
Appendices - House**

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* Appendix is not included - no significant information to report

**Support for Military and Veterans Exemptions
Funding Changes and Recommendations - House, by Strategy -- ALL FUNDS**

Strategy/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
DISTRIBUTE TO ELIGIBLE INSTITUTIONS A.1.1	\$17,383,662	\$17,837,074	\$453,412	2.6%	Recommendations include a \$0.5 million increase in estimated appropriations (Other Funds) from the Permanent Fund Supporting Military and Veterans Exemptions (MVE) for the 2020-21 biennium. Pursuant to the Texas Education Code, Section 54.3411 requirements, the Texas Treasury Safekeeping Trust Company (TTSTC) administers the MVE and determines the amount available for distribution and appropriation from the fund. TTSTC determines the MVE appropriation amount in accordance with policy that is adopted by the Texas Comptroller of Public Accounts. For Fiscal Year 2018, TTSTC determined the MVE appropriation amount based on 3.5 percent of the 20-quarter moving average value of the MVE.
Total, Goal A, FUND FOR MILITARY & VET EXEMPTIONS	\$17,383,662	\$17,837,074	\$453,412	2.6%	
REIMBURSEMENT FOR HAZLEWOOD EXEMPTS B.1.1	\$30,000,000	\$30,000,000	\$0	0.0%	Recommendations include \$15.0 million in General Revenue Funds per fiscal year previously appropriated to the Texas Veterans Commission for the Hazlewood Legacy Program. During the 85th Legislature, these funds were moved to the MVE bill pattern and must be distributed in the same fashion as the MVE funds.
Total, Goal B, REIMBURSEMENT FOR HAZLEWOOD EXEMPTS	\$30,000,000	\$30,000,000	\$0	0.0%	
Grand Total, All Strategies	\$47,383,662	\$47,837,074	\$453,412	1.0%	